

Prepared Statement of Congressman Roscoe Bartlett (R-6-MD)
U.S.-China Economic and Security Review Commission
Hearing on Energy
June 15, 2007

I appreciate the opportunity to testify today before the Members of the U.S.-China Economic and Security Review Commission concerning energy.

The Commission has been charged to examine and report to Congress about energy considering: “The effect of the large and growing economy of the People’s Republic of China on world energy supplies and the role the United States can play (including joint research and development efforts and technological assistance), in influencing the energy policy of the People’s Republic of China.”

Energy is a topic of intense interest and concern to me. I have been studying energy, and in particular oil, for the past 40 years. I believe that energy will be the dominant issue affecting our nation and our world in the 21st Century. In 8,000 years of recorded history, we are 150 years into the Age of Oil. This period of 150 years has lulled Americans, but not our counterparts in China, into a false sense of complacency.

I am among few people in America and the West who believe that we’re about half-way through the Age of Oil. I say that, because all petroleum experts acknowledge that the world will peak in oil production – reach a maximum – with declining production at ever increasing costs after that time. Most petroleum experts reviewed in a March 27, 2007 GAO report that I commissioned project that for all practical purposes peak is imminent – that it will occur before 2020. Global peak oil might not be a problem if demand were not increasing exponentially about two percent per year. Because demand is increasing and the U.S. is the most oil dependent economy in the world, GAO projects the consequences of peak for the U.S. will be devastating. After the world peaks in oil production we’ll continue to use oil for about another 150 years – but in declining amounts, instead of the increasing amounts that we’re used to.

Most people in the world and certainly most Americans are ignorant of peak oil. The Chinese are not. Peak oil was first publicly identified as a phenomenon by American oil geologist M. King Hubbert in a speech on March 8, 1956. He had noticed that all oil field production follows a bell curve. It increases, reaches a peak in production and declines thereafter. He reasoned that if you added up all of the peaks from many fields, you could calculate the peak for larger regions, countries and the world. In 1956, he projected that the U.S. lower 48 states would peak in production in 1970. At that time, the U.S. was the King of world oil production -- the biggest oil producer and consumer in the world. Hubbert was vilified. But he was right on. The U.S. peaked in oil production in 1970. Hubbert predicted the world would peak about now. If Hubbert was right about the U.S. and the U.S. is a microcosm of the world, why wouldn’t he be right about the world? In fact, 35 of the 48 major oil producers in the world have peaked in oil production.

I led a delegation of nine Members of the House Armed Services Committee on a trip to China over the New Year that focused on energy. Without exception, every Chinese official that we met began our discussions by telling us that they were planning for “post-oil.” Post-oil. The Chinese are planning for global peak oil in 2012. They are planning now for a world without oil as a major energy source. I wish our government leaders and Americans understood the necessity to prepare for a post-oil world.

The Chinese understand that the Age of Oil will be a blip in world history. Global peak oil will not be the end of oil – but it will be the end of cheap oil and cheap energy. Because we have built a lifestyle and a civilization in the United States that is totally dependent upon cheap oil and cheap energy, peak oil poses a challenge that our country must overcome.

I referred earlier to a report that I commissioned by the GAO. This was the fourth federal government report warning about peak oil. The Department of Energy commissioned two reports about peak oil by a team led by Robert Hirsch so they’re known as the Hirsch reports. The first Hirsch report was released in February 2005. The U.S. Army Corps of Engineers commissioned a report released in September 2005. I also recommend the Commissioners read an incredibly prescient speech about energy given by Admiral Hyman Rickover, the father of the nuclear navy just about 50 years ago on May 14, 1957. All of these reports and the Rickover speech are posted on my website at www.bartlett.house.gov/EnergyUpdates.

What concrete steps can we observe that China is taking to prepare for peak oil and post-oil? They have a five point plan. 1. Conservation 2. Increase the proportion of domestic sources of energy. 3. Diversify sources of energy. 4. Limit negative impact on the environment 5. Engage in international cooperation. These are exactly the correct steps and steps that the U.S. should be undertaking.

I have attached to my testimony two charts. The first is called The World of Oil. It depicts countries based upon the proportion of oil reserves. The second chart illustrates that China is scouring the world and buying up oil assets. They are also aggressively building a blue water navy. They don’t need a blue water navy for Taiwan. American government officials have told me the Chinese don’t understand that in a world market, energy is fungible. I don’t find this argument at all persuasive. I think China is preparing for a world where resource nationalism, not market forces govern the allocation of energy. China is preparing for cooperation or confrontation to address a post-oil world.

The U.S. is not preparing at all.

America and the world will transition from fossil fuels, including oil, to sustainable, renewable sources of energy. We can choose to do it on our timetable or we can be forced to transition by geology. What America needs to do to avoid a really bumpy ride from peak oil, and this will require Presidential leadership, is to develop a program with three attributes: the total commitment of World War II; the technology focus and intensity of the Apollo program to land a man on the moon; and the urgency of the Manhattan Project to develop the atom bomb.

I welcome the opportunity to discuss these points in more detail. Thank you very much.